

One of the leading e-payment service providers in Poland, formed through a merger of two complementary companies – Dotpay and eCard.



**Investor:** MCI

**Industry:** e-payments

**Year of investment:** 2015-2016

**Exit:** 2019

## Company

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Dotcard Group is one of the leading e-payment service providers in Poland, formed through a merger of two complementary companies – Dotpay, specializing in pay-by-link payments (redirecting to the online banking website), and eCard, specializing in card payments.

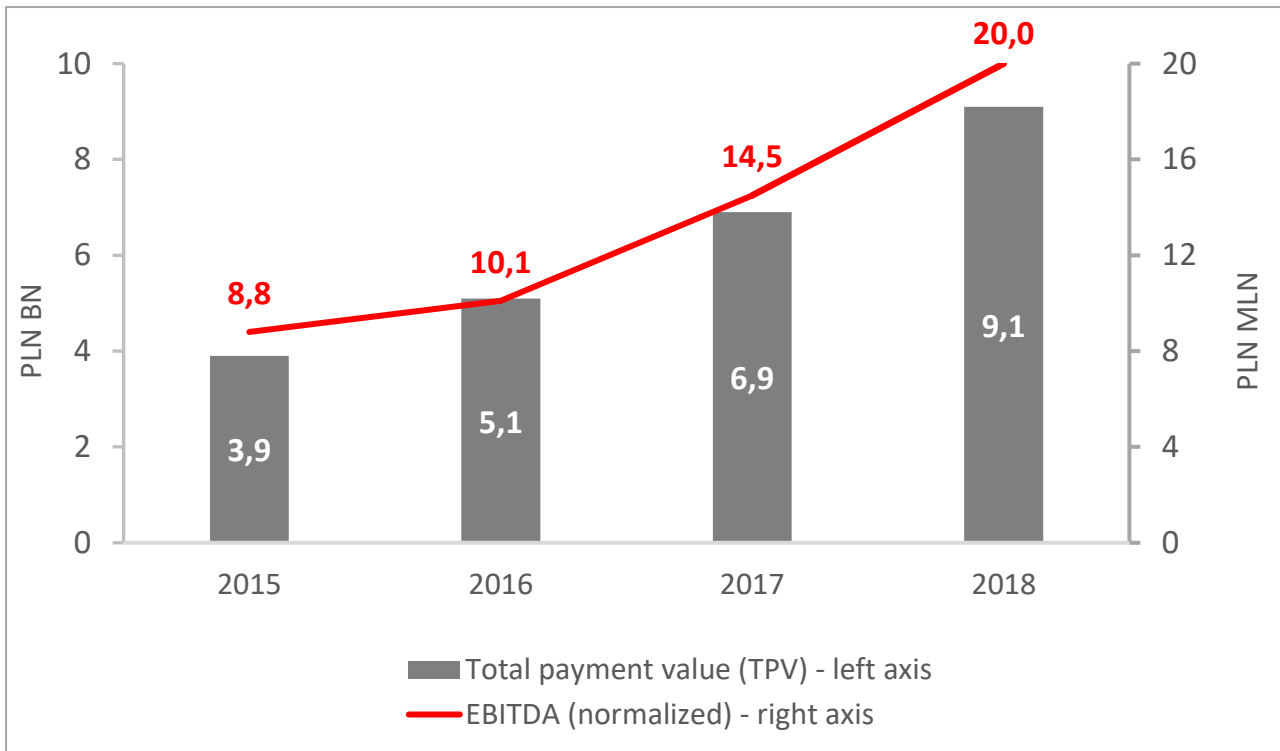
In 2015 MCI acquired a 51% stake in eCard in a public-to-private transaction, simultaneously acquiring 100% of Dotpay SA. After completing both transactions, MCI conducted a legal and operational merger of the two former rivals into one group, Dotcard. Within three years the company had more than doubled its size, recording over 130% growth in total payment volume (TPV).

Dotcard was sold in a highly competitive transaction to Nets A/S – one of the leaders of the European e-payment market, and a portfolio company of three global private equity houses (Hellman & Friedman, Advent International and Bain Capital). The transaction value was PLN 315 million, which translated into a 16x EV/EBITDA'2019F multiple.

The transaction was signed in June 2018 and closed in January 2019 after gaining regulatory approvals from the Office of Competition and Consumer Protection and the Polish Financial Supervision Authority.

MCI realized 3x cash-on-cash return and 40% IRR returns on the Dotcard investment.

## Growth



## Main objectives of funding

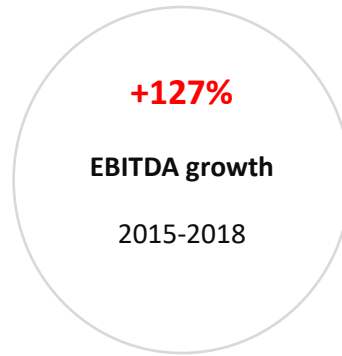
Main reasons why MCI invested in Dotpay/eCard:

- > **Poland's e-commerce market**, which is directly correlated with the e-payments market, showed double-digit growth
- > **There was a continual offline to online trend** in other market segments beyond traditional e-commerce, including financial services, e-government, bill payment, food delivery, gaming and gambling
- > **The development of Fintech services** was improving the company's offer and bringing business development upside potential
- > **There was potential for market consolidation** (which eventually brought significant post-merger synergy effects)
- > **The active M&A market** in the e-payments sector would improve the potential for a favorable exit in MCI's investment horizon
- > **There was a strong management board** (which remained in place throughout MCI's investment)

## Achievements of the company

- > TPV (total payment volume) went up by +130%
- > Normalized EBITDA increased by +127%

- > The business offer was expanded to include new payment methods such as omni-channel payment solutions that allowed Dotcard to efficiently serve multi-channel retailers
- > The company built a broad and well-diversified customer portfolio comprising numerous blue-chip and SME merchants



### Value added by PE/VC fund

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- > Management and supervisory boards strengthened with executives from top-notch financial services institutions (Mastercard, Visa, PayU)
- > Synergies with MCI portfolio companies (knowledge-sharing in business development, business relations supporting merchant acquisition)
- > Post-merger integration project that released synergies between the two merged companies (previously market rivals)
- > Cost optimization was achieved mainly through buy rate renegotiations with banks, which are the main cost position in the company's P&L
- > New product development (e.g. omni-channel offering)
- > PR activities aimed at promoting Dotcard internationally (NOAH, Money 20/20)